# **attachment 3: Cost Narrative**

**Feed the Future Market Systems and Partnerships**

**Cost Narrative Template**

***Background:*** *The template provided is to give applicants an indication of the detail MSP requires when reviewing cost proposals.* *Numbers, units, and explanations below are* ***ILLUSTRATIVE****. Please use these as guidance in structure only; your costs and cost rationale should be consistent with your activity’s needs and your company’s policies.*

*A cost narrative, in a Word or PDF file, is a required element of your application. Please follow the instructions below when drafting your budget narrative:*

* *The cost narrative should explain the rationale behind units and unit costs and should be consistent with the overall program strategy submitted in your application. Applicants must provide a description and justification for each line item included in the budget whether it is MSP requested funding, co-investment, or a third-party contribution.*
* *Use your company/organization letterhead for the cost narrative.*
* *Whenever applicable, line-item descriptions should contain the following details: Quantity, Unit of measure (Days, months, trips, etc.), Unit amount/rate, Total amount. If a budget line item is a lump sum, the budget narrative must break down the built-in costs.*
* *Estimates can be based on a number of sources, including but not limited to the local market, quotations received from vendors, historical records, and organization’s policies and procedures. The basis of estimates must be explicitly stated in the budget narrative.*
* *All transactions of $5,000 or greater must be supported by at least three quotes (including the same specification). A sole source justification is needed when only one quote is provided (e.g., the item is available only from a single source).*
* *Mention the allocation of the costs whether it’s going to be covered under MSP or the Applicant (e.g., the total costs will be covered by MSP, the total costs will be covered by the Applicant, or the total costs will be split 50/50 between MSP and the Applicant.)*
* *The sequence of information in the budget narrative should follow that of the budget. (e.g., A.1, A.2, A.3, etc.)*

**INTRODUCTION:**

The following document captures the cost descriptions and allocation for (*applicant’s*) application in response to **RFA-FLW-002**. The costs below represent all required costs to complete the proposed activity, which is anticipated to be conducted over a (*24 month)* period. All costs are consistent with current prices paid, quotes obtained, or historical precedent, and we understand that cost verification will be required prior to any funds being awarded by MSP. We also understand that, should *(applicant)* be selected as a finalist, the final program description, milestone schedule, and budget will be negotiated prior to any award signature.

**CO-INVESTMENT**

***Note to applicant:*** *Cost notes must be included for co-investment at the same level of detail as the applicant’s cost notes.*

**REQUESTED FUNDING**

1. **PERSONNEL**

**MSP: $172,000**

**Applicant Co-Investment: $100,000**

**Total: $272,000**

*The applicant contribution may include select staffing costs of existing or new staff that are specifically committed to implementing the new or expanded business concept.*

*List all staff/labor positions by title (title, first name and last name). Provide the job description, the daily rate of each position, the number of days devoted to the project (Per MSP standards, 260 days represents one full-time person for one year of labor), and the amount of each position’s salary funded by MSP and the applicant, and the total personnel cost for the period of performance.*

**Examples:**

A.1. Project Manager (Under MSP): The Project Manager is an expert in supply chain development compliance, finance, and mechanical engineering. S/he will oversee the development of scaled training and production of cocoa products. S/he will oversee the purchase and logistics of the equipment from the Tanzania and other countries. The Project Manager will work with the Cocoa production trainers on training the production teams to use the processing equipment, ensuring that they develop the technical expertise and confidence to operate all equipment smoothly. He will also assist in the market integration of cocoa products into the local and international markets and in reaching out to downstream buyers. The Project Manager is budgeted at a daily rate of $50/day and will work for a total 520 days across the partnership ($50 \* 520 days = $26,000).

A.2. Project Coordinator (Under MSP):

A.3. Accountant (Under MSP):

A.4. (4) Engineers (Under MSP):

A.5. (20) Farmers (Under Applicant Co-Investment):

1. **TRAVEL**

**MSP: $11,430**

**Applicant: $0**

**Total: $11,430**

*This covers activity staff and/or beneficiary travel costs and per diem, gasoline for vehicles, etc. Please note destination in the budget. For example, international airfare from Cape Town to Berlin; Per Diem in Berlin. Please explain each cost listed for travel in cost narrative (e.g., who will travel, where, and why, estimated air fare, approximate date, # days, cost of meals and lodging, meeting registration fees, etc.).*

B.1. International Airfare (From… to) (Under MSP):

B.2. International Lodging, City (Under MSP):

B.3. Per Diem, City (Under MSP):

B.4. Domestic Transportation (Under MSP):

B.5. Domestic Lodging, City (Under MSP):

B.6. Domestic Per Diem, City (Under MSP):

B.7. Ground Transporation (Under MSP): Local transportation costs have been budgeted for engineers to travel to the field to provide after sale support to producers. On average Technicians travel 50 kilometers per day at a fuel cost of $1 per kilometer for a total of $25 per day. A total of 200 days has been budgeted across the partnership for a total cost of $5,000.

1. **EQUIPMENT & SUPPLIES** *(“Equipment” is defined as tangible personal property - including information technology systems - having a useful life of more than one year and an acquisition cost of $5000/unit or more6, and “Supplies” is defined as tangible personal property with an acquisition cost lower than $5000/unit, regardless of the length of its useful life7)*

**MSP: $150,000**

**Applicant: $99,400**

**Total: $249,400**

*Provide supporting narrative for proposed activity supplies cost and breakdown where applicable. Quotes will be required based on the following:*

* *Three quotes (for items > $5,000/transaction) to verify the cost and a justification for the selected vendor.*
* *For items <$5,000/transaction, please provide one or more of the following: a) one quote, b) online market research, and/or c) historical costs/receipts/invoice for similar item.*

*Each item of equipment requested should be listed separately. Include the following details at the very minimum in the cost narrative:*

* *Type of equipment, with enough technical specification to enable MSP to conduct independent cost reasonableness analysis (e.g., name, model number or manufacturer)*
* *Cost of shipping and installation (if applicable)*
* *Quantity, unit cost and total*
* *Use of proposed equipment (also note why the selected specifications are needed for the project?)*
* *Three quotes to verify the cost and a comparative table analysis to justify the selected vender. The quotes should have the same specifications.*

C.1. Auto-Filling and Packaging Machine (Under MSP): The auto-filling and packaging machine will automate the bottling process for chili and tomato sauce, increasing bottling speed by 167-233%. (the applicant) sought and shared quotes for systems able to fill 4800-6000 bottles per hour (80-100 per minute); capable of producing 200 ml, 500 ml, and 750 ml bottles of sauce; made of SUS304 food grade stainless steel; with a capping process that includes a foil seal and automatically rejects if the bottle is not sealed properly; runs on 220 or 380 volts; and occupies no more than 32 meters of space. The cost of the item is $150,000. This cost includes all costs necessary for the assembly, and transport of the equipment. The selected quote was the most competitive offer received by (the applicant) for this specific machine.

C.2. Cutting Machine (Under Applicant Co-Investment):

C.3. Forklift (Under Applicant Co-Investment):

C.4. (5) Generators (Under Applicant Co-Investment): There are quite a few periodic power outages in Tanzania. The applicant will procure five 50 Kva Back-up Generator for each site location to ensure that the cocoa products making process is not unexpectedly halted due to power outages. The generator is budgeted at $5,500 per unit. This price is consistent with supplier price analysis conducted by the Applicant.

C.5. Farming tool kits (Under Applicant Co-Investment):

C.6. Laptops (Under Applicant Co-Investment):

1. **SUBCONTRACTS/CONSULTANTS** *(Contractual costs are those services carried out by an individual or organization, other than the applicant, in the form of a procurement relationship.)*

**MSP: $35,250**

**Applicant: $0**

**Total: $35,250**

***Note:*** *The applicant should list the proposed contract activities along with a brief description of the scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive), if known.*

D.1. Monitoring and Evaluation Consultant (Under MSP): This consultant will support the monitoring and evaluation of the overall award to ensure that operations are in line with program targets and intended outcomes. The consultant will also evaluate the overall impact of the program. The consultant will work for an estimated 45 days throughout the project at a daily rate of $250 based on historical experience. The total cost is $11,250.

D.2. Marketing Consultant (Under MSP): is budgeted at 2 days per month for 15 months, for a total of 30 days. The marketing consultant will work closely with (Applicant) to ensure local context is integrated into the sales and marketing strategies. This consultant will also be available as needed for trainings and feedback. This position is budgeted at $250 per day, which is consistent with quotes obtained by (Applicant) for similar consulting positions. The total cost is $7,500.

D.3. Feasibility Study (Under MSP):

D.4. Project Management Trainer (Under MSP):

1. **OTHER DIRECT COSTS**

**MSP: $24,200**

**Applicant: $0**

**Total: $24,200**

***Note:*** *Any allowable cost per 2 CFR 200, Subpart E-Cost Principles (General Provisions for Selected Items of Cost) that does not fall under other cost categories of the budget can fall under ODC. However, you must provide a valid explanation for their inclusion. All line items under ODC must be necessary for the implementation and operation of the program.*

E.1. Warehouse Rent (Under MSP):

E.2. Workshop/Training Venue and Catering (Under MSP):(*Applicant*) has budgeted for quarterly 3-day workshops/trainings under this activity. Trainings will be conducted by the technical specialist. Topics will include \_\_\_, \_\_\_, and \_\_\_\_, and will increase the adoption of best practices in (focus area) as well as market (*Applicant’s*) technology and services to the target communities. The following costs will be associated with training:

*Training Workshops* have been budgeted at one per quarter for 2 years, for a total of 8 workshops (3 days each). (*Applicant*) assumes 50 people will attend each training. The cost of each workshop is $500 (details below), and the total for 8 workshops is $4,000.

* Room Rental is budgeted at $100 per workshop, which is consistent with room rental rates paid in similar trainings.
* Attendee Refreshments are budgeted at $6 per person, per quotations received by local hotels in Tanzania. Total cost is $300 (50 people \* $6/person)
* Attendee training materials are budgeted at $2 per person. This cost will cover a notepad and pen during the trainings. Total cost is $100 (50 people \* $2/person)

E.3. Communication (Under MSP):

E.4. Brochures (Under MSP):

**THIRD PARTY INVESTMENT** (*if applicable)*

(*Applicant*) will partner with three local companies who will begin local manufacturing and/or distribution of the technology. Their cost notes are attached as addendums to this document. ***Note:*** *Cost notes must be included for all other investments at the same level of detail as the applicant’s cost notes.*

1. **PERSONNEL**
2. **TRAVEL**
3. **EQUIPMENT & SUPPLIES**
4. **SUBCONTRACTS/CONSULTANTS**
5. **OTHER DIRECT COSTS**

**OVERALL COST OF PROGRAM:**

The total cost of this activity is a proposed $592,280, of which we request $292,880 from MSP and commit $299,400 from (*Applicant*) and third-party resources. This adheres to the one-to-one matching requirement for requested funds versus applicant contribution.